

Message Text

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SUBJECT: CIVAIR: US-SINGAPORE NEGOTIATIONS, SEPT. 19-23

1. SUMMARY: IN SPITE OF AN APPARENTLY COMPLETE BREAKDOWN IN NEGOTIATIONS ON THURSDAY, MEMORANDUM OF CONSULTATION SIGNED FRIDAY, SEPTEMBER 23. AD REFERENDUM AGREEMENT GIVES SINGAPORE ROUTE FROM SINGAPORE TO GUAM/HONOLULU/SAN FRANCISCO VIA HONG KONG. US GAINS ROUTE FROM US TO SINGAPORE VIA POINTS IN JAPAN, KOREA, HONG KONG, TAWAIN, THE PHILIPPINES, THAILAND, INDONESIA AND MALAYSIA; MULTIPLE DESIGNATION; AND SELF GROUND HANDLING. IN ADDITION, AGREEMENT PROVIDES FOR LIBERAL CHARTER SERVICE, ENCOURAGES LOWER FARES AND ESTABLISHES LIMIT ON FREQUENCIES CARRYING 5TH FREEDOM TRAFFIC WHILE ALLOWING 3RD AND 4TH FREEDOM TRAFFIC FREQUENCIES TO BE UNRESTRICTED. END SUMMARY.

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2. IN THE OPENING SESSIONS BOTH DELEGATIONS TURNED DIRECTLY TO THE CRUCIAL PROBLEM -- THE ROUTE EXCHANGE. SINGAPORE DELEGATION (GOS DEL) FIRST PROPOSED A ROUTE FOR SIA FROM SINGAPORE TO HONOLULU AND LOS ANGELES VIA THREE INTERMEDIATE POINTS SELECTED FROM BANGKOK, HONG KONG, TAIPEI, TOKYO, SEOUL AND MANILA. SIA WANTED SERVICE FREQUENCY TO START AT 3 PER WEEK BUT TO BECOME DAILY WITHIN

A YEAR. USDEL RESPONDED THAT JAPAN CONTINUED TO BE NON-NEGOTIABLE, THAT THE POINT ON THE WEST COAST WOULD HAVE TO

BE SAN FRANCISCO AND THAT THEY COULD HAVE ONLY ONE INTER-MEDIATE POINT. IT ALSO NOTED GOSDEL DID NOT INCLUDE GUAM (SINGAPORE SAID IT WAS OF NO VALUE) OR MENTION ALL-CARGO SERVICE WHICH WAS IMPORTANT TO US.

3. FOR ITS PART USDEL REQUESTED A ROUTE FROM US TO SINGAPORE VIA POINTS IN JAPAN, HONG KONG, MALAYSIA, INDONESIA, THE PHILIPPINES, THAILAND AND KOREA, FOR COMBINATION AND ALL-CARGO SERVICE; THE RIGHT OF MULTIPLE DESIGNATION; AN AGREEMENT ON CHARTERS; A STATEMENT RE LOWER FARES; AND PERMISSION FOR US AIRLINES TO CONDUCT THEIR OWN GROUND HANDLING SERVICE. IT ALSO RAISED QUESTION OF PRESENT VALIDITY OF TEXT OF 1974 AGREEMENT.

4. CRITICAL AREAS OF DIFFERENCE QUICKLY BECAME EVIDENT. THESE INCLUDED SINGAPORE'S REQUESTS FOR MORE THAN ONE INTERMEDIATE POINT, FOR LOS ANGELES INSTEAD OF SAN FRANCISCO AND FOR DAILY SERVICE WITHIN A YEAR. UNITED STATES' REQUESTS FOR MULTIPLE DESIGNATION AND CHARTER AGREEMENT SEEMED TO CAUSE SINGAPORE PROBLEMS. USDEL RECOGNIZED IT WOULD HAVE TO CONCEDE AT LEAST ONE INTERMEDIATE POINT (HONG KONG) BUT MAINTAINED THAT HONG KONG PLUS SAN FRANCISCO BALANCED BENEFITS US AIRLINES WOULD DERIVE FROM LIMITED OFFICIAL USE

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US ROUTE. PAN AM'S LIMIT ON FLIGHTS VIA HONG KONG PROMPTED SIMILAR RESTRICTION ON SIA. SEPARATION OF FREQUENCIES CARRYING 3RD AND 4TH FREEDOM TRAFFIC, ON ONE HAND, AND FIFTH FREEDOM TRAFFIC, ON THE OTHER, ALLOWED ACCOMMODATION ON THIS PROBLEM. IN REGARD TO GOSDEL'S EXPRESSED CONCERN THAT MULTIPLE DESIGNATION ALLOWED USG TO DESIGNATE UNLIMITED NUMBER OF AIRLINES AND THAT CHARTERS WOULD DILUTE MARKET FOR SCHEDULED SERVICE, USDEL ASSURED SINGAPORE THAT MORE US AIRLINES WOULD BE ADDED ONLY IF MARKET JUSTIFIED INCREASE, THAT PROVISIONS OF 1974 TEXT WOULD KEEP CAPACITY OFFERED RELATED TO CAPACITY REQUIRED BY MARKET, THAT CHARTER AGREEMENT WOULD BE FOR BOTH SIDES, THAT US ORIGIN CHARTERS WOULD BENEFIT SINGAPORE'S TOURISM AND THAT, IN THE CASE OF CHARTERS, THERE WOULD BE YEARS BEFORE AIRLINES COULD MOUNT SIGNIFICANT PROGRAM.

5. AFTER THREE DAYS OF NEGOTIATIONS IT WAS GENERALLY AGREED IN USDEL THAT PLATEAU HAD BEEN REACHED AND CHAIRMAN SUGGESTED TO GOSDEL THAT USDEL DRAFT MEMORANDUM TO SERVE AS BASIS FOR FURTHER DISCUSSIONS. DRAFT WAS LATER PRESENTED AND, TO USDEL'S SURPRISE, WAS REJECTED OUT OF HAND BY GOSDEL WHO STATED THEY HAD ASSUMED ROUTE POINTS

REQUESTED EARLIER WOULD BE INCLUDED AS BLIND SECTORS IN THE FINAL ROUTE DESCRIPTION. USDEL HAD NEVER CONSIDERED INCLUSION OF THESE POINTS FOR USE AS BLIND SECTORS AND HAD ALWAYS DESCRIBED US PROPOSED ROUTE FOR SINGAPORE

WITH HONG KONG AS ONLY POINT. HINDSIGHT APPEARS TO CONFIRM THAT THIS PERFORMANCE BY GOSDEL WAS MERELY TESTING TO SEE IF USDEL POSITION WAS FIRM. NEGOTIATIONS ABRUPTLY CLOSED AT THAT POINT WITH NO MEMORANDUM OF ANY KIND OR PLANS TO MEET AGAIN.

6. ALTHOUGH USDEL ASSUMED NEGOTIATIONS WERE TERMINATED ON FRIDAY MORNING GOSDEL DELIVERED OWN MEMORANDUM AND REQUESTED THAT BOTH SIDES MEET AGAIN TO REVIEW PAPER. LIMITED OFFICIAL USE

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HOWEVER, AFTER STUDY BY USDEL, PAPER WAS REJECTED AND GOSDEL ADVISED BY PHONE THAT NO MEETING WAS NECESSARY. AT THIS POINT SINGAPORE CHAIRMAN REQUESTED THAT MEETING BE HELD IN ANY CASE AND SUGGESTED THAT HE FIRST CALL ON US CHAIRMAN TO "CLARIFY" MATTERS. WHAT EMERGED FROM PRIVATE MEETING BETWEEN CHAIRMEN WAS VERSION WHICH WAS SIGNED LATER THAT AFTERNOON AS AD REFERENDUM AGREEMENT.

7. MAJOR CHANGES FROM ORIGINAL US VERSION OF MEMORANDUM INCLUDE FOOTNOTE COVERING WHAT WOULD HAPPEN IF SINGAPORE WAS UNABLE TO ACQUIRE HONG KONG RIGHTS FROM UK; INCREASED FREQUENCIES TO FIVE BY 1980 AND THE ADDITION OF LOS ANGELES AS AN ITEM FOR DISCUSSION DURING 1980 CONSULTATIONS. DEPT. WILL NOW PROCESS AD REFERENDUM AGREEMENT. ONCE CIRCULAR 175 AUTHORITY OBTAINED, DIPLOMATIC NOTES WILL BE EXCHANGED THEREBY MAKING MEMORANDUM OF CONSULTATION EFFECTIVE. AT THIS POINT SIA WILL INITIATE PROCESS AT CAB FOR 402 PERMIT. (EVEN WITHOUT PROBLEMS THIS COULD TAKE SOME TIME). OLD SIA APPLICATION FOR ALL CARGO WILL BE WITHDRAWN. DEPT. WILL ALSO REVIEW 1974 AGREEMENT TEXT AND MODIFY IT TO INCLUDE ELEMENTS IN MEMORANDUM SUCH AS ROUTE SCHEDULE AND CHARTER ARTICLE. WHEN AGREEMENT IS REACHED ON TEXT, NOTES CONTAINING THIS BROADER AGREEMENT WILL ALSO BE EXCHANGED. DEPT. UNDERSTANDS GOS WILL CONTINUE PAA'S AUTHORITY TO OPERATE BY EXTENDING PRESENT PAA PERMIT.

8. COMMENT. BECAUSE USDEL BELIEVED HONG KONG AND SAN FRANCISCO WOULD PROVIDE SINGAPORE WITH VIABLE AND EQUITABLE ROUTE, IT MOVED LITTLE FROM ITS ORIGINAL POSITION AT THE OPENING OF TALKS, ASSUMING THAT IF SINGAPORE WAS READY TO BARGAIN, IT WOULD ACCEPT OFFER. AFTER SOME SERIOUS HESITATION, GOSDEL PROVED BOTH READY AND WILLING. LIMITED OFFICIAL USE

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INCLUSION OF STATEMENT ON LOWER FARES AND CHARTER ARTICLE
MAKES THIS AGREEMENT UNIQUE.

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Message Attributes

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Sent Date: 29-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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